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INCOME FLUCTUATION OF A SELECTED GROUP OF  
PERSONAL RETURNSBY EDWARD WHITE, *Bureau of Internal Revenue*

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From time to time statements appear in the press purporting to show the number of millionaires in the United States. The figures used are generally credited to tables appearing in *Statistics of Income*, compiled annually from the returns of net income filed with the United States Bureau of Internal Revenue.

There are, in fact, no tables published in *Statistics of Income* showing the wealth of individuals, nor the number falling in the category of the millionaire class, according to capital possessions. What the tables actually show, among other data, is the number of persons filing income tax returns, segregated by income classes according to the size of net income reported. It would appear, therefore, that such statements as to the number of millionaires in the United States, claiming the Reports of the Commissioner of Internal Revenue as the source of information, are based on theoretical capitalizations of the income reported in the returns. Thus, all persons reporting net income in excess of \$50,000 are classed as millionaires, if the extension is made on the basis of a 5 per cent return on capital. Such deduction is predicated on the assumption that all incomes are derived from invested funds.

It is surprising that results obtained by such reasoning should be accepted seriously, or should be repeated by a thoughtful person. Not only do the returns report normal incomes from investments and personal service, but they likewise contain the spectacular incomes from fortunate business and speculative ventures; large fees and commissions; unusual distribution of corporate earnings; profits arising from discovery and sale of natural resources; proceeds from sales of inventions, etc. And conversely, although individual incomes in one or more years may be very large, influenced by the above conditions, in succeeding years, due to adverse circumstances, they may fall in like proportion or even be wiped out entirely.

The accompanying tables are taken from the Report of the Commissioner of Internal Revenue, issued under the title, *Statistics of Income*, compiled from the returns for 1919.

Table A shows the total number of personal returns of net income filed for the years 1914-19 inclusive, segregated by income classes.

It would be interesting if we could see beneath the figures the

changes in fortune of each of the individuals from year to year—how many remain constant in a given income class, how many rise from the lowest even to among the highest, and how many drop from the very high classes to insignificance. The casual reader may jump to the conclusion that returns, certainly in the higher income classes, are filed by the same people from year to year, with the exception that in some years there are a few more and some years a few less. How erroneous this conception is, is clearly shown by the fact that of the 1,240 in-

TABLE A  
NUMBER OF PERSONAL RETURNS, CALENDAR YEARS 1914-19, BY INCOME CLASSES

Income class	1914	1915	1916	1917	1918	1919
\$1,000 to \$2,000 . . . . .	.....	.....	.....	1,640,758	1,516,938	1,924,872
2,000 " 3,000 . . . . .	.....	.....	.....	838,707	1,496,878	1,569,741
3,000 " 4,000 . . . . .	82,754	69,045	85,122	374,958	610,095	742,334
4,000 " 5,000 . . . . .	66,525	58,949	72,027	185,805	322,241	438,154
5,000 " 10,000 . . . . .	127,448	120,402	150,553	270,666	319,356	438,851
10,000 " 15,000 . . . . .	34,141	34,102	45,309	65,800	69,992	97,852
15,000 " 20,000 . . . . .	15,790	16,475	22,618	29,896	30,227	42,028
20,000 " 25,000 . . . . .	8,672	9,707	12,953	16,806	16,350	22,605
25,000 " 30,000 . . . . .	5,483	6,196	8,055	10,571	10,206	13,769
30,000 " 40,000 . . . . .	6,008	7,005	10,068	12,733	11,887	15,410
40,000 " 50,000 . . . . .	3,185	4,100	5,611	7,087	6,449	8,298
50,000 " 100,000 . . . . .	5,161	6,847	10,452	12,439	9,996	13,320
100,000 " 150,000 . . . . .	1,189	1,793	2,900	3,302	2,358	2,983
150,000 " 200,000 . . . . .	406	724	1,284	1,302	866	1,092
200,000 " 250,000 . . . . .	233	386	726	703	401	522
250,000 " 300,000 . . . . .	130	216	427	342	247	250
300,000 " 400,000 . . . . .	147	254	469	380	260	285
400,000 " 500,000 . . . . .	69	122	245	179	122	140
500,000 " 1,000,000 . . . . .	114	209	376	315	178	189
1,000,000 and over . . . . .	60	120	206	141	67	65
Total . . . . .	357,515	336,652	429,401	3,472,890	4,425,114	5,332,760
Married women making separate returns from husbands . . . . .	.....	.....	7,635 <sup>1</sup>	.....	.....	.....
Total number of returns filed . . . . .	357,515	336,652	437,036	3,472,890	4,425,114	5,332,760

<sup>1</sup> In 1916 the net incomes on returns filed separately by husband and wife are combined and the total appears as one return. In all other years the returns of married women, filed separately, are included in their individual income classes independently of the husband's return.

dividuals that reported net incomes of \$300,000 and over in one or more of the years 1914-1919 inclusive, only 137 or 11 per cent reported that amount in all of the years.

The extent to which a group of returns falling in specific income classes in one year may be spread throughout the range of income classes in succeeding years, is illustrated in the following tables, which show the income class dispersion of a given group of individuals from year to year, as well as the changes in the nature of the income reported.

During the period 1914-19 inclusive there were 1,636 persons who in one or more of those years reported net incomes of \$300,000 and over. Of this group there were 1,240 whose returns for each of the years were

TABLE 1.

NET INCOME REPORTED FOR EACH YEAR, BY THE SAME INDIVIDUALS, GROUPED ACCORDING TO SIZE OF NET INCOME FOR 1914. RETURNS OF 1,240 PERSONS, EACH OF WHOM REPORTED NET INCOME OF \$300,000 AND OVER IN ONE OR MORE YEARS 1914-1919.

Income Class. Distribution, based on 1914 returns.	Number.	1914		1915		1916		1917		1918		1919	
		Net income.		Net income.		Net income.		Net income.		Net income.		Net income.	
Reporting deficit.....	23	\$	1,571,506	\$	6,828,760	\$	9,744,520	\$	7,077,661	\$	4,549,731	\$	6,235,946
Under	59		380,562		6,537,571		14,594,795		18,004,040		11,553,497		14,459,675
\$ 10,000 to	104		1,765,378		10,051,848		53,723,930		31,442,170		20,740,166		25,783,641
25,000 "	156		5,913,947		28,515,024		46,919,002		49,885,564		34,864,551		40,092,640
50,000 "	219		16,063,020		45,934,813		74,923,249		75,145,778		60,527,938		56,077,082
100,000 "	150		18,495,835		37,724,640		69,352,791		56,504,854		49,277,351		42,176,446
150,000 "	102		17,792,202		28,957,568		43,538,255		43,034,551		36,942,421		31,441,777
200,000 "	79		17,971,504		34,833,435		45,339,238		39,366,944		26,079,026		19,957,634
250,000 "	57		15,381,653		19,572,049		34,288,857		27,783,994		20,994,805		19,080,060
300,000 "	98		33,895,936		82,339,024		76,594,383		56,569,777		41,237,606		41,496,480
400,000 "	46		20,526,125		26,039,548		35,275,617		28,502,362		19,054,701		17,915,913
500,000 "	69		42,050,577		48,561,952		61,353,540		51,117,232		38,977,793		33,033,733
750,000 "	21		18,263,309		22,985,455		35,632,743		23,916,177		14,891,302		13,197,398
1,000,000 "	26		31,270,554		37,980,986		53,154,947		49,398,349		27,231,152		33,085,538
1,500,000 "	16		27,446,372		28,277,780		33,540,057		31,328,768		21,568,941		18,687,454
2,000,000 "	8		18,899,957		19,570,852		20,304,460		15,286,740		12,060,196		10,237,410
3,000,000 and over....	7		49,326,108		49,624,450		57,127,723		53,350,714		35,774,294		37,228,711
Total.....	1,240		333,871,933		535,444,555		765,418,107		658,217,685		476,385,481		460,357,496

\*Deficit.

available. The returns of the remaining 396 persons either were not available or could not be included in the tabulation for the following reasons: some were for estates which terminated during this period; others were not comparable for the entire period, as in some years the returns contained the incomes of several members of the same family while in other years separate returns were filed for each member; and still others were not procurable for one or more of the years owing to the fact that their incomes were under the minimum required by the law to be reported.

The term "person" or "individual" as used herein should be understood to signify not only returns filed by individuals, but also joint returns of husband and wife, or family, as well as incomes of estates or trusts.

The tables cover the years of the Great War, as well as 1919. During this period incomes were affected more violently because of the unprecedented economic upheaval than is general in normal times. However, some of the incomes that show the greatest variation were the result of causes other than conditions superinduced by the war.

It has been said that incomes in the United States fluctuate more widely from year to year than in any other country in the world. Certainly the tables give some spectacular evidences of Fortune's favor. Among the many remarkable cases of income expansion is the group of 23 persons, each of whom for the year 1914 reported deficit, whereas, in 1916, 1 reported a net income exceeding one million dollars, and 9 reported incomes between \$500,000 and \$1,000,000.

In the group of 59 persons reporting in 1914 net incomes not exceeding \$10,000, 5 reported in 1916 net incomes in excess of one million dollars each. Still more spectacular is the group of 104 persons who in 1914 reported between \$10,000 and \$25,000; in 1916, 4 reported in aggregate over \$27,000,000; 1 between \$1,500,000 and \$2,000,000; 2 between \$1,000,000 and \$1,500,000; and 10 between \$500,000 and \$1,000,000.

Of the group of 156 persons who in 1914 had incomes between \$25,000 and \$50,000, 1 in 1917 reported between \$2,000,000 and \$3,000,000; 3 between \$1,500,000 and \$2,000,000; 3 between \$1,000,000 and \$1,500,000, and 10 between \$500,000 and \$1,000,000. Of the 219 persons who in 1914 reported between \$50,000 and \$100,000, 1 in each of the years 1915, 1916, and 1917 reported over \$2,000,000; 2 in 1915, 1 in 1916, 2 in 1917, and 1 in 1918 reported between \$1,500,000 and \$2,000,000; and reporting between \$1,000,000 and \$1,500,000 were 4 in 1915, 6 in 1916, 1 in 1917, 1 in 1918, and 3 in 1919.

Of the 150 persons reporting in 1914 incomes between \$100,000 and \$150,000, 2 reported in 1916 incomes between \$2,000,000 and

TABLE B.

NET INCOME REPORTED FOR EACH YEAR, BY THE SAME INDIVIDUALS, GROUPED ACCORDING TO THE SIZE OF NET INCOME FOR 1914.

RETURNS OF 1,240 PERSONS, EACH OF WHOM REPORTED NET INCOME OF \$300,000 AND OVER IN ONE OR MORE YEARS 1914-19.

Income class Distribution based on 1914 returns	Number	1914	1915	1916	1917	1918	1919
		Net income	Net income	Net income	Net income	Net income	Net income
Under \$100,000.....	561	\$22,551,301	\$98,967,016	\$199,905,496	\$182,555,213	\$132,235,883	\$142,628,952
\$100,000 to 300,000.....	388	69,641,194	121,097,492	192,529,141	165,690,343	133,293,613	112,655,907
300,000 to 1,000,000.....	234	114,735,947	179,925,979	208,856,283	157,205,548	114,221,402	105,643,524
1,000,000 and over.....	57	126,943,491	135,454,068	164,127,187	149,866,591	96,634,583	99,429,113
Total.....	1,240	\$333,871,933	\$535,444,555	\$765,418,107	\$555,317,695	\$476,385,481	\$460,357,496

TABLE H.

NET INCOME REPORTED FOR EACH YEAR, BY THE SAME INDIVIDUALS, GROUPED ACCORDING TO SIZE OF NET INCOME FOR 1919.

RETURNS OF 1,240 PERSONS, EACH OF WHOM REPORTED NET INCOME OF \$300,000 AND OVER IN ONE OR MORE YEARS 1914-19.

Income class Distribution based on 1919 returns	Number	1914	1915	1916	1917	1918	1919
		Net income	Net income	Net income	Net income	Net income	Net income
Under \$100,000.....	264	\$47,087,237	\$88,579,164	\$157,879,193	\$116,804,298	\$52,691,468	\$6,237,379
\$100,000 to 300,000.....	437	80,165,266	132,638,690	225,038,177	182,315,433	124,489,895	82,866,550
300,000 to 1,000,000.....	483	127,457,552	187,720,470	257,856,718	232,579,831	207,596,729	229,600,304
1,000,000 and over.....	56	79,161,878	126,506,231	124,644,019	123,618,133	91,607,389	141,653,263
Total.....	1,240	\$333,871,933	\$535,444,555	\$765,418,107	\$655,317,695	\$476,385,481	\$460,357,496

TABLE 2.

NET INCOME AND INCOME BY SOURCES REPORTED EACH YEAR BY THE SAME INDIVIDUALS, GROUPED ACCORDING TO SIZE OF NET INCOME FOR 1914.  
RETURNS OF 1,240 PERSONS, EACH OF WHOM REPORTED NET INCOME OF \$300,000 AND OVER IN ONE OR MORE YEARS 1914-1919.

Income class	Number	Year	Sources of income.					Miscellaneous deductions.	Total Tax.	Net income after deducting tax.	Per cent of tax to net income	
			Salaries, Commissions, Fees, etc.	Business and profits from sales of real estate, stocks, bonds, etc.	Rents and royalties.	Dividends.	Interest.					
Distribution, based on 1914 returns.	561	1914	\$ 4,808,118	\$ 1,553,455	\$ 1,177,013	\$ 11,081,630	\$ 4,330,976	\$ 339,784	\$ 22,211,517	1.51		
		1915	98,967,016	6,106,197	1,625,145	34,789,454	6,412,335	4,122,412	94,844,604	4.17		
		1916	199,906,496	14,227,719	2,993,200	86,599,788	8,260,965	13,180,598	186,818,898	8.15		
		1917	182,656,213	25,805,695	2,769,071	94,719,545	15,297,257	49,420,869	133,134,944	27.07		
		1918	132,326,863	22,643,331	2,670,314	53,598,578	10,334,649	67,320,726	64,915,157	50.91		
		1919	145,626,952	21,790,282	2,878,190	49,049,031	14,011,149	22,350,986	68,267,487	52.14		
\$100,000 to 300,000	388	1914	6,141,013	22,166,068	4,076,406	40,905,233	11,196,451	14,843,977	67,512,378	3.05		
		1915	121,097,492	9,263,506	4,182,218	55,530,621	12,376,037	15,048,027	115,809,861	4.37		
		1916	196,529,141	14,433,731	4,586,128	95,075,687	15,786,445	17,322,698	176,666,468	8.24		
		1917	165,690,343	17,687,132	2,660,360	100,546,379	16,310,431	23,166,459	149,391,180	29.81		
		1918	135,295,613	17,938,700	43,005,259	2,088,603	82,266,370	16,872,557	71,964,654	61,633,959	33.98	
		1919	112,855,907	16,515,601	32,529,909	2,661,173	69,076,566	16,845,477	59,890,630	52,765,277	53.16	
\$300,000 to 1,000,000	234	1914	114,735,947	3,135,005	19,853,150	12,061,095	80,944,608	19,535,845	20,803,756	109,717,475	4.37	
		1915	179,925,979	3,321,843	65,601,668	12,181,893	99,231,079	21,050,008	21,670,702	179,559,506	5.21	
		1916	208,856,283	3,462,328	62,551,254	12,873,531	129,765,923	25,345,435	25,142,188	189,039,560	9.49	
		1917	149,866,591	1,270,498	4,469,631	5,174,814	125,642,808	25,889,077	27,942,764	107,535,821	31.60	
		1918	114,221,402	4,510,981	10,774,115	4,456,726	99,169,208	25,330,214	30,019,842	64,250,903	56.25	
		1919	105,643,524	4,190,928	7,966,257	4,071,359	98,419,799	24,535,579	33,360,398	59,790,899	56.60	
\$1,000,000 and over.	57	1914	126,943,491	1,250,710	11,268,074	6,878,209	93,688,967	29,760,249	15,902,718	7,346,825	119,596,666	5.79
		1915	135,454,068	1,460,137	15,820,488	6,946,017	99,148,500	29,832,767	17,762,841	7,971,243	127,482,825	5.89
		1916	164,127,187	1,149,055	7,969,100	120,694,429	30,157,627	19,683,136	18,398,813	145,728,374	11.21	
		1917	149,866,591	1,270,498	4,469,631	4,637,862	143,244,429	30,891,238	34,637,087	59,771,128	90,095,453	39.68
		1918	96,634,583	1,671,542	9,333,232	5,410,280	101,723,870	24,740,078	27,577,895	61,633,454	35,001,129	63.78
		1919	99,429,113	1,478,567	1,213,375	5,666,255	97,203,162	22,468,661	28,800,907	61,975,472	37,453,641	62.33
Assembled.	1,240	1914	333,871,933	18,334,846	64,850,747	24,192,723	226,620,439	64,823,521	61,950,342	14,833,897	319,039,036	4.44
		1915	535,444,568	20,151,683	194,596,524	24,934,273	298,699,654	69,681,147	62,618,726	26,747,759	508,698,796	5.00
		1916	765,418,107	33,272,833	267,408,506	28,391,969	432,135,927	79,550,472	70,567,607	695,050,500	9.20	
		1917	658,217,695	49,152,765	144,307,270	15,242,107	464,143,169	83,529,941	208,283,074	447,064,621	31,778	51.94
		1918	476,386,481	46,764,564	105,356,359	14,625,923	336,748,026	79,277,498	106,376,879	265,169,737	211,215,744	56.56
		1919	460,357,496	43,975,378	118,980,827	15,476,977	313,748,558	77,660,866	109,485,110	204,339,030	55.61	

\*Loss.

\$3,000,000; 2 between \$1,500,000 and \$2,000,000; and 8 between \$1,000,000 and \$1,500,000.

Each income class group presents similar cases of extraordinary income expansion. In the group of 57 individuals who reported between \$250,000 and \$300,000 in 1914, 1 reported between \$2,000,000 and \$3,000,000 in 1915; and 1, over \$9,000,000 in 1916.

Of the 98 persons with net incomes in 1914 between \$300,000 and \$400,000, 3 reported in aggregate over \$39,000,000 in 1915; 3 between \$1,500,000 and \$2,000,000; 2 between \$1,000,000 and \$1,500,000; and 14 between \$500,000 and \$1,000,000. In 1916, of this same group 5 reported in aggregate over \$24,000,000; 2 between \$2,000,000 and \$3,000,000; 6 between \$1,500,000 and \$2,000,000; 2 between \$1,000,000 and \$1,500,000; and 24 between \$500,000 and \$1,000,000.

The foregoing are perhaps the most unusual cases of sudden acquisition of large incomes. In each of the income classes there is a general rearrangement or curve extending through the higher classes, reaching the apex in 1916 and falling backward through 1917, 1918, and 1919. This is illustrated in Table B, which shows the aggregate net income reported for the series of years by groups of individuals, segregated by income classes on the basis of the net income reported for the calendar year 1914.

The correlation of the rise and fall of incomes in the different classes with the variation in the amounts reported according to sources of income is exhibited in Table 2, which shows the aggregate net income as well as the amounts reported by sources of income; also the miscellaneous deductions and income tax assessed by groups of returns for each of the years.

In Table 3, under like headings, is shown by percentages the ratio for each year to the amounts reported for 1914.

As viewed either by aggregates or relatively as to 1914, the income of the group of persons who in 1914 reported less than \$100,000 shows the most remarkable expansion. As expressed by percentages the growth of net income of this class during the years covered herein shows the ratio to the amount reported in 1914 as 439 per cent in 1915; 886 per cent in 1916; 811 per cent in 1917; 586 per cent in 1918; and 632 per cent in 1919. None of the other income class groups shows even a close approximation to these figures.

The largest growth in any of the other income classes was in the group reporting between \$100,000 and \$300,000 in 1914, whose ratio in 1916 to 1914 was 276 per cent, whereas the lowest percentages of increase in net income for the various years over 1914 were recorded by the group of persons whose net incomes in 1914 were \$1,000,000 and over. In 1915



TABLE 3.

NET INCOME AND INCOME BY SOURCES, SHOWING BY PERCENTAGES THE RATIO FOR EACH YEAR TO THE AMOUNT REPORTED FOR 1914, BY THE SAME INDIVIDUALS GROUPED ACCORDING TO SIZE OF NET INCOME FOR 1914.  
 RETURNS OF 1,240 PERSONS, EACH OF WHOM REPORTED NET INCOME OF \$300,000 AND OVER IN ONE OR MORE YEARS 1914-1919.

Nature of Income.	Income Class.	1914	1915	1916	1917	1918	1919
Net Income.	Under \$100,000	100	439	886	811	586	632
	\$100,000 to 300,000	100	174	276	238	191	162
	300,000 to 1,000,000	100	157	182	137	100	92
	1,000,000 and over.	100	107	129	118	76	78
	Aggregate....	100	160	229	196	143	138
Salaries, commissions, fees, etc.	Under \$100,000	100	127	296	537	471	453
	\$100,000 to 300,000	100	151	235	287	292	269
	300,000 to 1,000,000	100	106	110	140	144	133
	1,000,000 and over.	100	117	92	102	134	118
	Aggregate....	100	131	217	320	304	287
Business and profits from sales of real estate, stocks, bonds, etc.	Under \$100,000	100	504	874	555	527	669
	\$100,000 to 300,000	100	247	361	233	194	147
	300,000 to 1,000,000	100	331	315	121	54	40
	1,000,000 and over.	100	140	212	40	-83	11
	Aggregate....	100	300	412	223	162	183
Rents and royalties.	Under \$100,000	100	138	254	235	227	245
	\$100,000 to 300,000	100	103	112	65	51	65
	300,000 to 1,000,000	100	101	107	43	37	34
	1,000,000 and over.	100	101	116	67	79	86
	Aggregate....	100	103	117	63	60	64
Dividends.	Under \$100,000	100	314	781	655	485	443
	\$100,000 to 300,000	100	136	232	246	201	169
	300,000 to 1,000,000	100	123	160	155	123	122
	1,000,000 and over.	100	106	129	153	109	104
	Aggregate....	100	127	191	204	149	138
Interest.	Under \$100,000	100	148	191	241	285	323
	\$100,000 to 300,000	100	111	141	146	151	150
	300,000 to 1,000,000	100	108	130	133	130	125
	1,000,000 and over.	100	100	101	104	83	75
	Aggregate....	100	107	123	129	122	120

TABLE 4.

NET INCOME AND INCOME BY SOURCES, SHOWING BY PERCENTAGES THE PROPORTION OF THE AGGREGATE, REPORTED EACH YEAR, BY THE SAME INDIVIDUALS GROUPED ACCORDING TO SIZE OF NET INCOME FOR 1914.  
 RETURNS OF 1,240 PERSONS, EACH OF WHOM REPORTED NET INCOME OF \$300,000 AND OVER IN ONE OR MORE YEARS 1914-1919.

Nature of Income.	Income Class.	1914	1915	1916	1917	1918	1919
Net Income.	Under \$100,000	6.75	18.49	26.12	27.86	27.76	30.98
	\$100,000 to 300,000	20.86	22.61	25.15	25.28	27.99	24.47
	300,000 to 1,000,000	34.36	33.60	27.29	23.99	23.98	22.95
	1,000,000 and over.	38.03	25.30	21.44	22.87	20.27	21.60
	Aggregate....	100.	100.	100.	100.	100.	100.
Salaries, commissions, fees, etc.	Under \$100,000	31.35	30.31	42.76	52.52	48.43	49.55
	\$100,000 to 300,000	40.05	45.96	43.37	35.93	38.35	37.56
	300,000 to 1,000,000	20.44	16.48	10.41	8.96	9.65	9.53
	1,000,000 and over.	8.16	7.25	3.46	2.59	3.57	3.36
	Aggregate....	100.	100.	100.	100.	100.	100.
Business and profits from sales of real estate, stocks, bonds, etc.	Under \$100,000	17.81	29.89	37.77	44.42	57.82	64.93
	\$100,000 to 300,000	34.18	28.16	29.91	35.82	40.82	27.34
	300,000 to 1,000,000	30.63	33.82	23.39	16.66	10.23	6.71
	1,000,000 and over.	17.38	8.13	8.93	3.10	* 8.87	1.02
	Aggregate....	100.	100.	100.	100.	100.	100.
Rents and royalties.	Under \$100,000	4.86	6.50	10.54	18.17	18.24	18.60
	\$100,000 to 300,000	16.88	16.80	16.05	17.45	14.34	17.19
	300,000 to 1,000,000	49.84	48.85	45.34	33.95	30.46	26.30
	1,000,000 and over.	28.42	27.85	28.07	30.43	36.96	37.91
	Aggregate....	100.	100.	100.	100.	100.	100.
Dividends.	Under \$100,000	4.89	12.05	20.04	20.41	15.92	15.63
	\$100,000 to 300,000	18.06	19.23	22.00	21.67	24.43	22.02
	300,000 to 1,000,000	35.71	34.37	30.03	27.07	29.45	31.37
	1,000,000 and over.	41.34	34.35	27.93	30.85	30.20	30.98
	Aggregate....	100.	100.	100.	100.	100.	100.
Interest.	Under \$100,000	6.68	9.20	10.38	12.50	15.55	18.04
	\$100,000 to 300,000	17.28	17.76	19.84	19.52	21.29	21.70
	300,000 to 1,000,000	30.13	30.22	31.86	31.00	31.95	31.33
	1,000,000 and over.	45.91	42.82	37.92	36.98	31.21	28.93
	Aggregate....	100.	100.	100.	100.	100.	100.

\*Loss.

the ratio to 1914 was 107 per cent; in 1916, 129 per cent; in 1917, 118 per cent; in 1918, 76 per cent; and in 1919, 78 per cent.

Both in actual amount and in relative growth the persons in the lowest income group in 1914 likewise outranked any of the other income classes in the amounts reported in the succeeding years as having been derived from salaries and business ventures. This same group also shows a relatively larger yearly growth in income from investments as compared with 1914 than any of the others.

The remarkable rise in fortune of this group of individuals, as compared with the narrower fluctuation of incomes of the persons in the higher income classes, is indicative of the spirit of adventure, the seizing of opportunities, and the taking of chances by the average person, as against the conservative tendency of persons with larger incomes. As evidence of this the group in question reported incomes from business ventures and profits from sales of real estate, stocks, etc., in the following ratio as compared with 1914, 504 per cent in 1915; 874 per cent in 1916; 555 per cent in 1917; 527 per cent in 1918; and 669 per cent in 1919. The other income classes showed a markedly less relative increase of income from this source.

Table 4 shows by percentages the changes from year to year in the proportion of the aggregate net income and income by sources, as reported by the same individuals grouped according to size of net income for 1914. In this table the variation in the proportion reported by each group to the aggregate for each year again indicates the great expansion in income of the group of individuals who composed the "under \$100,000" class in 1914. In that year the proportion reported by this group of persons was 6.75 per cent of the aggregate net income, increasing from year to year until in 1919 their income represented 31 per cent of the total reported by the four groups.

When the above increase for 1919 over 1914 is considered in connection with the increase in the aggregate net income of 38 per cent for the same years, the quantitative expansion becomes still more significant.

The persons in the next higher income group maintained a more consistent proportion during the several years, although in this case also the ratio to the aggregate for 1919 was somewhat larger than in 1914. The two highest income groups materially decreased in the proportion of the total income reported, the persons having between \$300,000 and \$1,000,000 in 1914 reporting 34.36 per cent of the total income for that year, whereas in 1919 the proportion had fallen to 22.95 per cent.

The group whose incomes in 1914 were \$1,000,000 and over reported in that year 38.03 per cent of the total, whereas in 1919 the proportion had fallen to 21.60 per cent.

TABLE 5.

DISTRIBUTION BY INCOME CLASSES FOR EACH OF THE YEARS 1914-1919.  
RETURNS AND NET INCOME OF 1,240 PERSONS EACH OF WHOM REPORTED IN EXCESS OF \$300,000 IN ONE OR MORE OF THE ABOVE YEARS.

Income Class.	1914		1915		1916		1917		1918		1919	
	Number.	Net income.	Number.	Net income.	Number.	Net income.	Number.	Net income.	Number.	Net income.	Number.	Net income.
Reporting deficit.....	23	\$ 1,571,606	10	\$ 812,128	3	\$ 153,983	3	\$ 19,161	12	\$ 2,365,537	35	\$ 5,564,812
\$ Under \$ 10,000	59	380,562	24	174,446	8	58,657	8	53,671	9	50,960	14	85,582
10,000 to 25,000	104	1,765,378	53	896,759	19	353,826	10	170,315	28	505,373	33	545,771
25,000 " 50,000	156	5,913,947	96	3,527,744	31	1,109,383	23	833,151	54	2,102,887	59	2,192,909
50,000 " 100,000	219	16,063,020	170	12,632,651	73	5,550,709	61	4,598,442	120	9,106,213	123	8,977,929
100,000 " 150,000	150	18,495,835	111	13,921,702	83	10,461,057	68	8,486,026	115	14,363,956	143	18,152,528
150,000 " 200,000	102	17,792,202	136	23,746,300	96	16,839,499	77	13,317,934	123	21,408,409	111	19,457,871 <sup>1</sup>
200,000 " 250,000	79	17,971,504	92	20,651,313	96	21,404,470	77	17,318,356	89	20,182,052	99	22,198,375
250,000 " 300,000	57	15,331,653	87	24,138,796	121	33,374,292	105	29,192,892	95	26,097,267	84	23,057,776
300,000 " 400,000	98	33,895,936	127	43,632,066	165	57,455,270	295	101,776,731	243	84,580,278	214	72,681,222
400,000 " 500,000	46	20,526,125	72	32,351,540	112	50,228,359	161	71,483,543	121	53,942,119	111	49,512,663
500,000 " 750,000	69	42,050,577	116	70,107,128	185	110,814,994	172	104,892,405	123	75,076,595	105	62,224,912
750,000 " 1,000,000	21	18,263,309	43	37,408,821	90	76,304,258	72	61,530,438	44	37,207,569	53	45,131,507
1,000,000 " 1,500,000	26	31,270,554	40	48,899,750	66	78,935,921	49	59,389,705	30	35,683,536	26	32,104,537
1,500,000 " 2,000,000	16	27,446,872	34	59,278,971	33	56,632,627	25	41,807,348	16	26,878,507	12	20,407,687
2,000,000 " 3,000,000	8	18,999,957	17	42,580,252	27	64,927,657	19	46,046,173	11	28,777,977	7	17,845,218
3,000,000 and over...	7	49,326,108	12	102,248,454	32	181,121,111	15	94,439,726	7	44,587,320	11	71,295,821
Total.....	1,240	333,871,923	1,240	535,444,555	1,240	765,418,107	1,240	655,317,695	1,240	476,385,481	1,240	460,357,496

Table 5 shows the 1,240 returns segregated by income classes for each of the years 1914-1919, and the redistribution of the number reporting from year to year in the various income class steps. It does not, however, show the diffusion of the returns of any one income class in any one year throughout the income class scale in other years. This is shown in Tables C to F.

TABLE C

DISPERSION OF THE GROUP OF PERSONS WHOSE INCOMES IN 1914 WERE NOT IN EXCESS OF \$100,000 THROUGHOUT THE RANGE OF INCOME CLASSES IN THE SEVERAL YEARS

Income class	1914	1915	1916	1917	1918	1919
Under \$100,000.....	561	322	122	87	150	159
\$100,000-300,000.....	...	161	240	201	225	189
300,000-1,000,000.....	...	63	172	255	183	205
1,000,000 and over.....	...	15	27	18	3	8
	561	561	561	561	561	561

TABLE D

DISTRIBUTION BY INCOME CLASSES AND BY YEARS OF THE GROUP WHOSE NET INCOMES FOR 1914 WERE BETWEEN \$100,000 AND \$300,000

Income class	1914	1915	1916	1917	1918	1919
Under \$100,000.....	...	31	11	16	46	63
\$100,000-300,000.....	388	243	139	98	140	175
300,000-1,000,000.....	...	104	209	261	191	143
1,000,000 and over.....	...	10	29	13	11	7
	388	388	388	388	388	388

TABLE E

DISTRIBUTION BY INCOME CLASSES AND BY YEARS OF THE GROUP WHOSE NET INCOMES FOR 1914 WERE BETWEEN \$300,000 AND \$1,000,000

Income class	1914	1915	1916	1917	1918	1919
Under \$100,000.....	...	...	...	...	20	34
\$100,000-300,000.....	...	22	15	27	52	67
300,000-1,000,000.....	234	187	168	174	144	115
1,000,000 and over.....	...	25	51	33	18	18
	234	234	234	234	234	234

TABLE F

DISTRIBUTION BY INCOME CLASSES AND BY YEARS OF THE GROUP WHOSE NET INCOMES FOR 1914 WERE \$1,000,000 AND OVER

Income class	1914	1915	1916	1917	1918	1919
Under \$1,000,000.....	...	...	1	2	7	8
\$100,000-300,000.....	...	...	2	1	5	6
300,000-1,000,000.....	...	4	3	10	13	20
1,000,000 and over.....	57	53	51	44	32	23
	57	57	57	57	57	57

The discussion in the preceding text deals with the incomes before deducting the federal income taxes paid to the government. The enormous increase both in the amount of such taxes and in the percentage of tax to net income during the period 1914-1919 can be visualized from the following table, which shows in comparative form the amounts paid for the first and the last years of the series.

The taxes paid by the 561 individuals whose net incomes in 1914 were under \$100,000 were in that year approximately \$340,000, or 1.51 per cent of their total net incomes. In 1919 these same individuals paid the government \$74,361,465, or 52.14 per cent of their net incomes for that year. A more or less similar increase in the amount of taxes is shown for each of the other groups in Table G.

TABLE G  
COMPARATIVE TABLE OF INCOME TAX PAID FOR 1914 AND 1919

Income class	Year	Number of returns	Income tax	Per cent of tax to net income
Under \$100,000	1914	561	\$339,784	1.51
	1919		74,361,465	52.14
\$100,000 to 300,000	1914	388	\$2,128,816	3.05
	1919		59,890,630	53.16
\$300,000 to 1,000,000	1914	234	\$5,018,472	4.37
	1919		59,790,899	56.60
\$1,000,000 and over	1914	57	\$7,346,825	5.79
	1919		61,975,472	62.33
Assembled	1914	1,240	\$14,833,897	4.44
	1919		256,018,466	55.61

The amount of tax that was taken by the government for each of the years 1914-1919 and its proportion of the net income of these individuals are shown in detail in Table 2.

A realignment of these 1,240 individuals by income classes on the basis of the net income reported by each for 1919 and showing under this distribution the net incomes reported by the same persons in each year is shown in Table H (p. 71).

As compared with the distribution shown in Table 1, previously referred to, the number of individuals reporting under \$100,000 decreased from 561 in 1914 to 264 in 1919; in contrast to which the returns of individuals reporting between \$100,000 and \$300,000, and between \$300,000 and a million dollars, increased respectively from 388 to 437 in the first class and 234 to 483 in the second. Those reporting a million and over were 57 in 1914 and 56 in 1919.

The comparison of the two tables also shows the fluctuation of the net income from year to year on the basis of the realignment by income classes for 1919, and illustrates in striking contrast the increase in the net incomes reported for the last year over the first year of the series by persons in the lower classes in 1914, as against the decrease during the same years in the net incomes of persons reporting in the lower classes in 1919; and, contrariwise, the decrease in the net income reported for the two marginal years by the persons in the higher income classes in 1914 as against the increase in the net income reported for these years by the persons in the higher income classes in 1919.

The net income of the 561 people who in 1914 reported under \$100,000 increased from \$22,551,000 in 1914 to \$142,629,000 in 1919; the net income reported by 264 people reporting in this same class in 1919 decreased from \$47,000,000 in 1914 to \$6,237,000 in 1919.

Of the group reporting between \$100,000 and \$300,000, the incomes of the 388 persons reporting in 1914 increased from \$69,641,000 in 1914 to \$112,656,000 in 1919, whereas the incomes of the 437 persons who in 1919 reported in this class amounted to \$80,165,000 in 1914 and \$82,867,000 in 1919.

In the class reporting between \$300,000 and \$1,000,000, the incomes of the 234 persons reporting in 1914 fell from \$114,736,000 in 1914 to \$105,644,000 in 1919, whereas the 483 persons reporting in this class in 1919 showed an increase in income from \$127,458,000 in 1914 to \$229,600,000 in 1919.

As in the preceding class, the incomes of those reporting a million dollars and over showed a decrease for the 57 persons who reported incomes in this class in 1914 from \$126,943,000 in that year to \$99,429,000 in 1919, and an increase in the incomes of the 56 persons who reported in this class in 1919 from \$79,162,000 in 1914 to \$141,653,000 in 1919.

In the study of the fluctuation of incomes it should be observed that the comparability of the net incomes reported for the various years in the returns for federal income tax purposes is affected by the changes in the provisions of the several income tax laws under which the returns were filed.

The Revenue Act of 1913 prohibited the deduction of losses sustained in transactions entered into for profit other than in connection with the taxpayers' regular business. This provision, however, was to some extent amended in the Revenue Act of 1916, under which losses incurred from such transactions, although not in connection with the regular business of the taxpayer, were allowed to the extent of but

not to exceed the gains arising from such transactions. The same provision was contained in the Revenue Act of 1917.

The Revenue Act of 1918, however, removed the limitation and provided that losses arising from transactions entered into for profit were to be allowed whether such transactions were in connection with the regular business or not. Had the provisions of the Revenue Act of 1918 respecting the deduction of losses been in force throughout the entire period, the amounts reported as net income for the years 1914-17 inclusive would in many cases have been considerably less. Moreover, in 1917, 1918, and 1919 contributions (not in excess of 15 per cent of the net income) made to corporations organized and operated for religious, charitable, scientific, or educational purposes were deductible.

Had this provision obtained in the previous years the amount of net income reported in such years would likewise have been less than that shown in the attached tables, and to the extent of such undeductible losses and contributions in the previous years the comparability of the incomes shown in the tables, and especially of the incomes of the persons in the higher classes, is affected.